

**STATE OF MAINE
CUMBERLAND, ss.**

**SUPERIOR COURT
CIVIL ACTION
DOCKET NO.**

BERKELEY PATIENTS GROUP, INC.,)
a California Corporation with a place)
of business in Berkeley, California)

v.)

NORTHEAST PATIENTS GROUP, a)
Maine non-profit corporation with a)
Registered office in Augusta, Maine)

and)

REBECCA DEKEUSTER, an individual)
having a residence in Augusta, Maine)

COMPLAINT

I. PARTIES

1. Berkeley Patients Group, Inc. (“BPG”) is a California corporation with a principal office in Berkeley, California.
2. Northeast Patients Group (“NPG”) is a Maine non-profit mutual benefit corporation with a registered office in Augusta, County of Kennebec, State of Maine.
3. Rebecca DeKeuster is an individual having a place of residence in Augusta, County of Kennebec, State of Maine.

II. COMMON FACTS

4. In November of 2009, Maine voters passed a referendum that modified Maine’s ten year-old medical marijuana laws.
5. In 2010, the Maine legislature enacted enabling legislation pursuant to the referendum, which legislation is found in 22 M.R.S. § 2421, *et seq.* (the “Maine Medical Marijuana Act” or “MMMA”).

6. Pursuant to the MMMA, the agency selected to oversee implementation of the medicinal marijuana statute is the Maine Department of Health and Human Services (“MDHHS”).
7. In early 2010, MDHHS issued the Rules Governing the Maine Medical Use of Marijuana Program (the “Program Rules” or “Program”) to implement the processes and procedures outlined in the MMMA, which Program Rules are found at 10-144 CMR Chapter 122.
8. Pursuant to the Program Rules, MDHHS issued a Request for Applications from non-profit organizations to operate dispensaries, one in each of the eight public health districts.
9. For over eleven years, BPG has successfully operated a medical marijuana collective in compliance with California’s medical marijuana law. BPG’s Chief Executive Officer was born and raised in the state of Maine and retains significant family, friends and business relations throughout the state.
10. In the operation of the collective, BPG has developed substantial specialized knowledge, trade secrets, confidential information, standard operating procedures and programs specifically related to the operation of medical marijuana dispensaries including, without limitation, training and management of staff and advisors, development of security protocols, patient privacy and confidentiality policies, community service and assistance programs, compliance with state and local regulations, the creation and delivery of products and formulas, and the cultivation of cannabis for medical purposes.
11. BPG was instrumental in the formation and initial funding of NPG and, pursuant to NPG requests and on advice of Maine legal counsel, provided significant expertise, specialized knowledge and confidential information to NPG with the understanding that the same were to be subject to certain contracts and licensing agreements, and provided financial support in the form of loans to NPG to enable NPG to participate in the Program in Maine. Drafts of said contracts were circulated simultaneously with the commencement of said services in an effort to meet the short timelines provided in getting NPG off the ground.
12. Among the assistance BPG provided was the services of its key executive employee and member of its Board of Directors, DeKeuster, to assist NPG in applying for and obtaining dispensary licenses under

the Program, and in commencing and continuing operations consistent with the Program, in which activities BPG was to have a substantial and continuing role consistent with the parties' understanding, proposed contracts and licensing agreements, and consistent with the legal requirements of the Maine Program.

13. Commencing in or about November 2009, and at all times relevant to the events giving rise to this lawsuit, DeKeuster purported to act for BPG under a written Employment Agreement (the "Agreement") in providing the services to NPG via BPG. A copy of the Agreement is annexed hereto as Exhibit A.
14. Pursuant to the Agreement, DeKeuster was named the "New England Expansion Director for [BPG]."
15. Pursuant to the Agreement, DeKeuster was to perform the activities in Maine "for the benefit of [BPG]", and not "engage in any practice that competes with [BPG's] interest."
16. Also pursuant to the Agreement, DeKeuster was to protect the "Confidential Information" of BPG as defined in the Agreement.
17. Also pursuant to the Agreement, DeKeuster agreed not to undertake any actions in competition with the interests of BPG, either herself or in combination with others, while employed by BPG and for a period of 24 months after ceasing employment.
18. Pursuant to her Agreement, DeKeuster assisted in the start-up of NPG, obtained advances of loans from BPG for NPG, acted and continues to act as the chief operating executive and/or Executive Director (collectively "Director") of NPG, and employed and utilized BPG's Confidential Information to assist NPG.
19. Using resources and information wholly supplied and paid for by BPG, and relying heavily upon the experience and using the names of BPG CEO Timothy D. Schick ("Schick") and his colleague Matt Hawes ("Hawes"), NPG applied for and received four (4) of the six (6) certificates that were issued in the first round of applications. (Two public health districts did not initially receive any acceptable applications and were subject to a second round of applications. BPG and NPG never applied for certificates in those two regions.)

20. Each successful license application to MDHHS heavily referenced the financial support, expertise and assistance to be provided by BPG, Schick and Hawes to NPG, and, upon information and belief in consideration of the point system upon which the applications were judged, substantially contributed to the success of the four (4) certificates awarded to operate dispensaries in Maine. Excerpts from each successful application are annexed hereto as Exhibits B-1, B-2, B-3, and B-4, respectively. Full applications are available at: http://www.maine.gov/dhhs/dlrs/mmm/Northeast_Patients_Group_District_2.pdf; http://www.maine.gov/dhhs/dlrs/mmm/Northeast_Patients_Group_District_4.pdf; http://www.maine.gov/dhhs/dlrs/mmm/Northeast_Patients_Group_District_5.pdf; and http://www.maine.gov/dhhs/dlrs/mmm/Northeast_Patients_Group_District_6.pdf (last visited July 5, 2011).
21. Upon the award of the licenses, NPG continued to request and BPG continued to pay for expenses, and to provide financial support and loans to NPG, as well as providing continued expertise and specialized know-how and information, and continued to pay the salary of DeKeuster under the Agreement.
22. BPG provided written contract proposals and licensing agreements to NPG through DeKeuster to formalize the relationship of BPG and NPG in commencing operation of the four awarded dispensaries, and written Promissory Note proposals to memorialize the advances, expenses, financial benefits and loan advances made to NPG.
23. Over a period of many months DeKeuster blocked and frustrated the finalization and execution of said documents, while failing to make adequate disclosures as a member of the Board.
24. Upon information and belief, NPG has failed, in violation of MMMA §2428(6)(C), to notify DHHS that the persons identified in the successful applications (to wit, Schick and Hawes) are now being denied the ability to perform those responsibilities that NPG claimed they would perform.
25. In an effort to secure outside assistance and usurp opportunities belonging to her employer, DeKeuster acted with the intent to prevent the execution of the contracts and loan documents and to mislead BPG, as well as MDHHS, Schick and Hawes.

26. While blocking and frustrating the efforts of BPG to—as she had been expressly directed by BPG—formalize the contractual arrangements necessary for BPG to continue to provide assistance and financial support for NPG and finalize a repayment of the funds advanced, DeKeuster, acting as Director of NPG, entered into negotiations with a competing business group to provide the same services, business support and activities to NPG that had been orally agreed to by NPG and BPG since the spring of 2010.
27. On or about February 24, 2011, DeKeuster as Director of NPG entered into a Letter of Intent with the competing business group to provide the range of services, business support, activities and financial support for NPG, thereby displacing BPG from any continuing role with NPG.
28. On the same day, February 24, 2011, DeKeuster resigned as an employee of BPG. She also resigned as a director of BPG.
29. DeKeuster and NPG continue to use BPG's Confidential Information without the agreement or consent of BPG.
30. While NPG has recognized the credits, expenses and advances paid to or on behalf of NPG by BPG were in fact loans, not gifts, NPG has failed to pay back the loans, which total not less than \$632,195.19.

**COUNT I
REPAYMENT OF DEBT
(AGAINST NPG)**

31. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 30 of this Complaint as if more fully set forth herein.
32. BPG has paid expenses, made advances, provided financial benefits, and otherwise made loans to NPG which NPG has accepted and is under an obligation to repay, but has failed to repay, totaling \$632,195.19.

WHEREFORE, BPG demands judgment against NPG for the amount aforesaid, plus costs, interest, and reasonable attorney's fees, or in such amount as the Court may deem just.

**COUNT II
(Quantum Meruit/Unjust Enrichment)
(Against NPG)**

33. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 32 of this Complaint as if more fully set forth herein.
34. NPG has received from BPG and accepted the benefit of the payment of expenses, advances, loans and other monetary benefits, which, under the circumstances, NPG is obligated to reimburse and/or pay to BPG, as *Quantum Meruit* given by BPG, and to avoid unjust enrichment of NPG, totaling \$632,195.19.

WHEREFORE, BPG demands judgment against NPG for the amount aforesaid, plus costs, interest, and reasonable attorney's fees, or in such amount as the Court may deem just.

COUNT III
(Breach of Employment Agreement)
(Against DeKeuster)

35. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 34 of this Complaint as if more fully set forth herein.
36. BPG has at all times performed its obligations under the Agreement between it and DeKeuster. *See Exhibit A.*
37. DeKeuster has breached the terms and conditions of her Agreement with BPG by, *inter alia*, acting against the interests of BPG, acting for her own interests, and using her position of trust and responsibility owed to BPG to instead cause NPG to enter into business relationships with third parties, in contravention of and to the exclusion of the business interests of BPG, written representations made on public documents upon which BPG reasonably relied, and oral promises made to BPG.
38. As a result of said breaches, BPG has incurred the loss of advances and loans made to NPG, in the amount of \$632,195.19, together with the loss of the value and profits of the business opportunity of providing services to NPG, and obtaining licensing revenues from NPG, in such amounts as the Court may determine.

WHEREFORE BPG requests that the Court enter judgment against DeKeuster in such amounts as the Court may deem just and equitable, together with BPG's reasonable attorneys' fees, and costs as provided under the Agreement, with interest.

COUNT IV
(Appropriation of Confidential Information – Breach of Contract)
(Against NPG and DeKeuster)

39. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 38 of this Complaint as if more fully set forth herein.
40. DeKeuster had access to Confidential Information of BPG under the Agreement and the conditions of her employment, which she was bound to protect and keep confidential.
41. DeKeuster, in breach of the Agreement, has made available said Confidential Information to NPG, which has used it in the furtherance of NPG's business, with knowledge by NPG that it was protected and confidential information of BPG.
42. To the extent that any of BPG's Confidential Information remains as yet undisclosed by DeKeuster, as Director of NPG DeKeuster will inevitably disclose BPG's Confidential Information to NPG.
43. NPG and DeKeuster continue to use and exploit the Confidential Information without the consent of BPG, and propose to use said information as part of a business association with a third party.
44. Said use and exploitation is without the consent of BPG, and without the payment of royalties and /or licensing fees that would be required to be paid.

WHEREFORE BPG seeks from DeKeuster and NPG the value of the Confidential Information and/or the value of the loss of revenue and licensing fees for the improper exploitation of said intellectual property and Confidential Information by DeKeuster and NPG, and such other relief as the Court may order, together with reasonable attorneys' fees and costs against DeKeuster as provided under the Agreement, with interest.

COUNT V
(Breach of Contract- Injunctive Relief)
(Against DeKeuster)

45. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 44 of this Complaint as if more fully set forth herein.

46. DeKeuster violated the provisions of the Agreement by, *inter alia*, failing to act in the interests of BPG, disclosing and disseminating Confidential Information of BPG to NPG and third parties, and competing with BPG in her activities for NPG, including assisting and arranging for third parties to displace the business opportunity of BPG.
47. Said violations are continuing, and cause future and/or irreparable harm to BPG.

WHEREFORE BPG respectfully requests that the Court enjoin DeKeuster from a) utilizing and/or disseminating any of BPG's Confidential Information, b) acting or purporting to act in competition with BPG as defined in the Agreement or c) acting for the benefit of NPG or any other party in contravention of her Agreement and/or the interests of BPG, together with reasonable attorneys' fees, costs, and interest.

COUNT VI
(Injunctive Relief- Use of Confidential Information)
(Against NPG)

48. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 47 of this Complaint as if more fully set forth herein.
49. NPG has gained access to and continues to utilize the Confidential Information of BPG without the agreement of BPG.
50. NPG knows that such Confidential Information belongs to BPG since the information was disclosed and provided to NPG by DeKeuster, the Director of NPG, NPG knows the existence of the Agreements between BPG and DeKeuster, and NPG's attorneys assisted and advised DeKeuster on the terms of the Agreement at or near the time it was executed.

WHEREFORE BPG respectfully requests that this Court enjoin NPG from utilizing or disseminating any of BPG's Confidential Information, and such other relief as the Court may deem just and equitable.

COUNT VII
(Breach of Fiduciary Duty)
(Against DeKeuster)

51. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 50 of this Complaint as if more fully set forth herein.
52. While a Director of BPG, DeKeuster owed a fiduciary duty of good faith, loyalty, and care to BPG.
53. DeKeuster resigned as Director from BPG on the same day that, as Director for NPG, she signed a memorandum of understanding with BPG's competitor.
54. In advance of resigning from the BPG Board of Directors, DeKeuster worked against the interest of BPG with improper motive and a conflict of interest, to its detriment.
55. DeKeuster was subject to a duty of confidentiality not to communicate certain information confidentially given to her by BPG or acquired by her during the course of her agency, in competition with or to injure BPG.
56. Among other acts, for several months DeKeuster failed to advise and purposefully withheld information from BPG and fellow directors, including information regarding funding sources offered to BPG. DeKeuster instead deprived BPG of this corporate opportunity. She diverted and used the information for her own benefit and the benefit of NPG and BPG's competitor, to the detriment of BPG.
57. Dekeuster also committed conduct improper to BPG by failing to disclose to and actively misleading third parties in Maine with regard to the financial capabilities and commitments of BPG, thereby creating an opportunity for herself to enhance her personal financial position in ways that harmed BPG.
58. Dekeuster also committed and continues to commit conduct improper to BPG by disclosing BPG trade secrets and confidential information to BPG competitors.
59. In concealing information from BPG regarding her actions, DeKeuster exercised actual control over the affairs with which she was charged.
60. By entering into an agreement with a BPG competitor and using BPG trade secret information in that relationship, DeKeuster created an opportunity to enhance her personal financial position in ways that were

of no benefit to BPG as a not-for-profit corporation and harmed unnecessarily a substantial interest of the same.

61. DeKeuster gleaned a personal economic benefit when she displaced BPG with a competitor.
62. At all times prior to her resignation, DeKeuster affirmatively led BPG to believe that she continued to work in the interest of BPG, even though she worked against BPG's interests and instead worked for her own benefit, the benefit of NPG, and the benefit of BPG's competitor.
63. Whether or not DeKeuster had any fraudulent intent, her misleading of BPG for her own benefit constitutes a constructive fraud.
64. In the alternative, by enriching herself and BPG's competitor at the expense of BPG, DeKeuster breached her fiduciary duty to BPG.
65. As a result of DeKeuster's breach, BPG has and continues to suffer the inability to recoup investment, loss of corporate opportunities, and other damages.

WHEREFORE BPG demands judgment against DeKeuster in such amounts as the Court may deem just and equitable, together with BPG's reasonable attorneys' fees, costs, interest, and any other relief as the Court may deem just.

COUNT VIII
(Intentional Interference & Tortious Interference)
(Against DeKeuster)

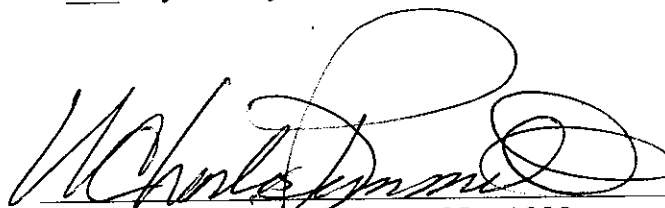
66. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 65 of this Complaint as if more fully set forth herein.
67. Before DeKeuster's interference, BPG and NPG had a business relationship; having helped start and fund NPG, BPG had a business expectancy that its relationship with NPG would continue for the foreseeable future.
68. BPG and NPG formed an 'agreement to agree' to contractual terms, and DeKeuster was the key player in finalizing contract terms between the two entities.

69. In the alternative, BPG and NPG were moving ever closer to agreement, so BPG had a reasonable business expectancy that it would finalize a contractual relationship with NPG.
70. DeKeuster was employed by BPG to facilitate the relationship between BPG and NPG.
71. Instead of furthering the business relationship between the two entities, DeKeuster instead actively prevented her employer, BPG, from reaching agreement with NPG. DeKeuster instead displaced BPG with a third party.
72. While arranging to displace BPG, DeKeuster made it clear to NPG that the only manner in which NPG could avail itself of working with DeKeuster would be to breach its contract with BPG.
73. In displacing BPG, DeKeuster therefore intimidated NPG into breaking its contractual and business expectancies with BPG.
74. While still a serving director with BPG, DeKeuster repeatedly advised BPG of the false material fact that there were no financiers available, even while she discussed with and exchanged drafts of a Term Sheet with a financier.
75. DeKeuster made another material misrepresentation to BPG, stating that she would arrange for NPG approval of a licensing and services agreement with BPG. DeKeuster failed to make those arrangements, and never presented the proposal to NPG.
76. DeKeuster misled BPG further by stating that certain terms requested in the initially proposed licensing and consulting agreement were impossible under Maine law but that other portions would be acceptable and in fact desirable to NPG. Despite such assertions and in violation of a direct order from BPG, DeKeuster never disclosed the specifics of the proposed licensing and consulting agreement with the NPG board.
77. DeKeuster misled BPG further, leading BPG to believe the false material fact that the licensing and consulting agreement would be accepted by NPG. Despite such assertions, DeKeuster never intended to seek approval of the NPG board, instead entering into exclusivity agreements with another entity.

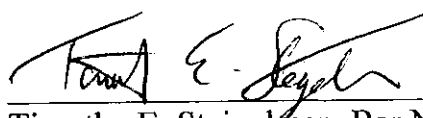
78. The material misrepresentations of fact in each of the foregoing allegations (§§ 74-77) were made by DeKeuster with knowledge of their falsity, with the intent that BPG would rely on the false statements.
79. Because DeKeuster was a Director and the company employee leading BPG's efforts in Maine, BPG reasonably relied on DeKeuster's misrepresentations.
80. DeKeuster knowingly interfered with BPG's prospective economic expectancy and engaged in conduct that was wrongful by legal measures other than the fact of the interference itself, as set forth above.
81. DeKeuster therefore interfered with BPG's prospective and existing contractual relations and business expectancies through fraud.
82. By displacing BPG, DeKeuster caused BPG to suffer loss of profits, loss of corporate opportunities, and other damages.

WHEREFORE BPG demands judgment against DeKeuster in such amounts as the Court may deem just and equitable, together with BPG's reasonable attorneys' fees, costs, interest, and any other relief as the Court may provide.

DATED at Portland, Maine, this 6th day of July, 2011.



U. Charles Remmel, II, Bar. No. 1029



Timothy E. Steigelman, Bar No. 4672
Attorneys for Plaintiff

KELLY, REMMEL & ZIMMERMAN
53 Exchange Street
P.O. Box 597
Portland, Maine 04112
(207) 775-1020

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, made ^{July 7, 2010} effective as of November 1, 2009 ("Effective Date"), is entered into on June ~~1~~, 2010 ("Execution Date") by and between BERKELEY PATIENTS GROUP, a California corporation, ("Company") and BECKY DEKEUSTER ("Employee"). In consideration of the mutual promises and covenants contained herein Company and Employee agree as follows:

I) CAPACITY, SCOPE, NATURE, AND DUTIES OF EMPLOYMENT

Company has employed Employee since 20 ⁰⁴. Commencing on the Effective Date, Company revised the scope of work performed by Employee in her new position as the New England Expansion Director for the Berkeley Patients Group to include the Services, as defined below. In such capacity, Employee has agreed to render services in connection with (i) the application for a license to establish a cannabis dispensary and cultivation facility in the state of Maine, (ii) assistance with the establishment of such dispensaries and facilities, (iii) the development of various business opportunities for the benefit of Company in Maine, California, and any other locations directed by Company, and (iv) other functions, tasks, duties, and responsibilities related thereto (the duties set forth in sub-paragraphs i through iv are collectively referred to herein as, the "Services"). Company shall have the power to determine the specific duties to be performed by Employee, and the means and the manner by which those duties shall be performed.

II) EMPLOYEE'S RESPONSIBILITIES

Employee will:

- (A) Use Employee's best efforts to perform the Services;
- (B) Devote Employee's full working time and attention to the services Employee provides to Company. During the term of this Agreement, Employee shall not, without the written consent of Company, directly or indirectly render services of a professional nature to or for any other person or firm for compensation, or engage in any practice that competes with the Company's interest.

III) COMPENSATION

(A) BASIC SALARY For all Services rendered by Employee under this Agreement, Company shall pay Employee a basic salary of One Hundred and Eleven Thousand Dollars (\$111,000) per year, payable pursuant to



Company's regular payroll procedures, beginning on the Effective Date of this Agreement. Commencing on May 1st, 2010, the basic salary shall be increased to One Hundred Twenty-Five Thousand Dollars (\$125,000).

(B) BENEFITS As further consideration for the performance by Employee under and pursuant to this Agreement, Company shall provide for Employee medical insurance coverage and any additional benefits that may from time-to-time be made available by Company to full-time employees of the Company.

(C) VACATION Employee shall be entitled to a paid annual vacation of 10 days during each calendar year during the term of this Agreement. Unless otherwise agreed by Company in writing: (i) vacation time may not be accumulated for more than one and one-half years ; and (ii) Employee shall obtain prior written approval for all vacation time taken.

IV) OFFICE FACILITIES

Company shall operate and maintain facilities, and shall provide at its expense, equipment and supplies, suitable to Employee's position and adequate for the performance of Employee's duties under and pursuant to this Agreement.

V) TERMINATION

Employee understands and agrees that Employee's employment at Company is "at will." This means that either Company or Employee can end the employment relationship at any time and for any reason. Nothing in this Agreement is intended to create a commitment by either party to any fixed term of employment.

Upon termination, the salary due Employee shall be paid for days worked and accumulated vacation time, if any.

VI) CONFIDENTIAL INFORMATION & NONDISCLOSURE

(A) Employee agrees to hold all Confidential Information (as defined below) in trust and strict confidence for the Company, without disclosing such Confidential Information to any third parties. Confidential Information includes, but is not limited to:

- (i) any information that deals with or relates to the Company, its subsidiaries, or affiliates, or their respective customers, patients, suppliers, vendors, advisers, employees and consultants;

- (ii) past, present, or future business affairs, procedures, processes, or plans;
- (iii) past, present, or future ideas, know-how, specifications, customer lists, marketing plans, standard operating procedures, employee handbooks guidelines, safety techniques and processes, proprietary techniques, methods of preparation, packaging and labeling techniques, recipes, software programs licensed by or developed for Company, its subsidiaries, or affiliates, and any other intellectual property of the Company, its subsidiaries or affiliates;
- (iv) financial, business, management, or other trade secret information of the Company's business its subsidiaries, or affiliates; and
- (v) any other confidential and/or proprietary information regarding the business or affairs of Company, its affiliates, or subsidiaries: (i) disclosed by Company to Employee either in writing or orally; (ii) obtained by Employee from a third party or other source by virtue of Employee's position under this Agreement; (iii) developed by Employee for Company, its affiliates, or subsidiaries pursuant to this Agreement; or (iv) observed by Employee while performing the Services for Company.

The terms of this Agreement shall be deemed Confidential Information. Confidential Information may include information of third parties.

(B) Confidential Information will not include that information defined as Confidential Information above which: (i) entered the public domain without Employee's breach of any obligation owed to Company; (ii) became known to Employee prior to commencing employment with the Company as evidenced by Employee's written records; or (iii) was independently developed by Employee without reference to Confidential Information of the Company as evidenced by Employee's written records.

(C) "Confidential Materials" shall mean all tangible materials containing Confidential Information, including without limitation, audio and/or visual recordings, written or printed documents, notes, computer data and software, and computer disks or tapes, whether machine- or user-readable.

(D) Employee may disclose Confidential information as required by governmental or judicial order issued by a court of competent jurisdiction, provided Employee gives Company prompt notice of such order and complies with any protective order (or equivalent) imposed on such disclosure.

(E) Employee may not disclose, except to third parties designated in writing by Company and under similar obligations of confidentiality, any Confidential Information or Confidential Materials to third parties at any time during the term of her employment with the Company or at any time thereafter/ Employee covenants and agrees that she shall not (other than in the proper performance of

the Services hereunder), at any time during the term of her employment with the Company or at any time thereafter, without the previous written authorization of Company, disclose to any person or corporation or make use of for herself or any person or corporation or other entity, any Confidential Information and Confidential Materials. Employee may only use the Confidential Information in connection with Employee's performance of the Services.

(F) Employee will take reasonable security precautions, at least as great as the precautions Employee takes to protect Employee's own Confidential Information, to protect the Company's Confidential Information. Subject to prior written consent by Company, Employee may disclose Confidential Information to approved recipients but only on a need-to-know basis. Prior to such disclosure, Employee will cause to be executed Company's standard Non-Disclosure Agreement as is then in effect with all pre-approved recipients. Employee will return all originals, copies, reproductions, and summaries of Confidential Information and Confidential Materials at Company's request or, at Company's option, certify the destruction of the same. Employee shall surrender to Company all such Confidential Information and Confidential Materials at the termination of employment, irrespective of the time, manner or cause of such termination.

(G) Employee acknowledges that monetary damages may not be a sufficient remedy for unauthorized disclosure or use of Confidential Information, and that Company will be entitled, without waiving any other rights or remedies, to such relief, including injunctive relief, as may be deemed proper by a court of competent jurisdiction. Employee hereby waives the claim that Company has an adequate remedy at law or in damages with respect to any action involving unauthorized disclosure or use of Confidential Information.

(H) Employee shall notify Company promptly upon discovery of any unauthorized use or disclosure of Confidential Information or Confidential Materials, or any other breach of this Agreement by Employee or any consultants of Employee, and will cooperate with Company in every reasonable way to help Company regain possession of the Confidential Information or Confidential Materials and prevent its further unauthorized use.

(I) These obligations are supplementary to and in addition to any obligations Employee has assumed to the Company pursuant to the Nondisclosure provision of this Agreement.

(J) All Confidential Information and Confidential Materials are and shall remain the property of Company. By disclosing information to Employee, Company does not grant any express or implied right to Employee to or under Company's patents, copyrights, trademarks, or trade secret information.

(K) The obligations set forth in this Section shall survive the expiration or termination for any reason of this Agreement.

VII) NONCOMPETITION

Since Employee is currently employed with Company and Employee desires to continue employment with Company, and Employee's continued employment with Company will give Employee access to Confidential Information and Confidential Materials, as those terms are defined above, enabling Employee to unfairly compete with the business of Company, in consideration of Employee's continued employment with Company, the compensation to be paid in connection therewith, and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

(A) Covenant not to compete. Unless otherwise agreed in writing between the parties hereto, Employee covenants and agrees that she will not, at any time during her employment by the Company or for a period of two years thereafter directly or indirectly, on behalf of herself or on behalf of or in conjunction with others, compete with the business of Company within the Territory (as defined below) by in any way:

- i. soliciting or servicing any actual or prospective patient, customer, vendor, supplier, adviser, or consultant of Company who has been solicited, retained, serviced, or hired by Company at any time during the term of Employee's employment,
- ii. soliciting or servicing any patient or customer of Company whose name became known to Employee at any time during the term of employment, or
- iii. using any Confidential Information or Confidential Materials in any manner that competes with the business of the Company.

Furthermore, unless otherwise agreed in writing between the parties hereto, Employee covenants and agrees that she will not at any time during the term of employment or for a period of two years thereafter either directly or indirectly, in any way compete with the business of Company, or have any interest in any such enterprise which shall be so engaged in competition, as proprietor, partner, employee, shareholder or principal, agent, consultant, director, officer or in any other capacity or manner whatsoever. Employee further covenants and agrees that she will not, during the term of employment or for a period of two years thereafter, lend her credit or money for the purpose of establishing or operating any such competitive business, nor give advice, either directly or indirectly, to any person, firm, association, corporation or other business entity engaged in or engaging in such competitive business.

(B) Geographic Limitation/Territory. Employee's covenant not to compete shall be limited to California and the East Coast of the United States, including all of the states of the New England and the Mid-Atlantic states, and any other state in which Company maintains a place of business, subsidiary or affiliate

(collectively, such states are referred to herein as, the "Territory").

(C) Business Opportunities. All relationships, whether contractual, business, or otherwise, formed by Employee in the furtherance of the Services of Employee, whether in California, Maine, or any other location as directed by Company, have been and shall continue to be for the sole benefit of the Company, and shall remain with the Company upon the termination of Employee's employment.

(D) Enforceability. Employee shall have access to customer lists, trade secrets and other Confidential Information and Confidential Materials of Company. Moreover, Employee's continued employment will be instrumental to the continuity and development of the business of Company. Therefore, Employee acknowledges that the restrictive covenants contained herein are a reasonable and necessary protection of the legitimate interests of Company, and that violation of them would cause substantial injury to Company, and that Company would not continue Employee in her present career path without receiving the additional consideration of Company binding Employee to said restrictions. The parties believe that the restrictive covenants contained herein are reasonable. However, if any court or other body having jurisdiction shall at any time hold such covenants or any portion thereof to be unenforceable or unreasonable, whether as to scope or territory, and if such authoritative body shall declare or determine the scope or territory which it deems to be reasonable, then such scope or territory shall be deemed to be reduced to that declared or determined by said authoritative body to be reasonable.

(E) Remedies. The parties agree that in case of a breach by Employee of this Agreement, Company will suffer irreparable damage and shall be entitled to an injunction restraining such breach. Furthermore, if Employee violates her covenant not to compete and Company brings legal action for injunctive relief, Company shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of such covenant. Accordingly, the term of the covenant not to compete shall be deemed to have the duration specified in Section VII(A) above, computed from the date such relief is granted, reduced by any time between when the period of restriction began to run and the date of the first violation by Employee.

Nothing herein contained shall be construed as prohibiting Company from pursuing any other legal or equitable remedies for breach of any covenant hereunder.

(F) Choice of Law. This covenant not to compete shall be governed by and enforced according to the rules and laws of the State of Maine, and for the purpose of such enforcement Employee consents to jurisdiction by the state and federal courts sitting in the State of Maine.

VIII) REPRESENTATIONS AND WARRANTIES

Company represents and warrants that it is a California corporation, and has all the requisite power and authority to execute and perform all of its obligations under this Agreement. The person executing this Agreement represents and warrants that he has the full power and authority to enter into this Agreement on behalf of Employer.

Employee represents and warrants that:

- (A) Employee has the full power and authority to enter into this Agreement.
- (B) Employee's performance of the Services for Company will not violate any agreement with a prior employer, or with another person or entity of any kind.
- (C) Employee is not subject to any existing confidentiality agreement or obligation that has not been fully disclosed to Company.
- (D) In performing the services for Company, Employee will not use or infringe, or cause Company or Company's clients to use or infringe, any patent, copyright, trademark, trade secret, or other proprietary right belonging to any third party, unless Employee obtains in writing all the necessary waivers and releases for such use.

IX) RIGHTS TO CREATIVE WORK

Employee agrees that any and all creative work resulting from the Services, including without limitation any image, written description, addition, revision, or development or derivation of any materials, trade secrets, recipes, techniques, methods, or processes, based on or relating to the Confidential Information or Confidential Materials, or intellectual property derived as part of the Services of Employee (collectively, "Creative Work"), shall belong to the Company.

Employee hereby grants, bargains, sells, conveys, assigns, and transfers to Company all rights, title, and interest (including but not limited to all copyright, trade secret, and patent rights) in and to all Creative Work product, whether patentable or not. Employee further agrees that all Creative Work prepared or originated by Employee during the performance of services for Company, or within the scope of such Services, is created at the request of Company and will constitute a "work made for hire" within the meaning of the U.S. Copyright Act. Company will be considered the "author" of such works for the purposes of the Copyright Act. Employee does not reserve any rights to such works under the Act and will assist Company, at Company's expense, in the perfection of any rights contemplated herein. Employee hereby irrevocably appoints Company and its duly authorized agents as Employee's agents and attorneys-in-fact to

execute and file all documents and perform all other lawful acts related to the terms of this paragraph.

If any such work is deemed, by a court of competent jurisdiction, not to be a "work made for hire" under the Copyright Act, Employee hereby assigns to Company all of the copyright and all other rights in such work. Employee will, at Company's request, take such action (including but not limited to the execution, acknowledgment, and delivery of documents) as Company may reasonably request in order to obtain the patent, copyright, trade secret, or other proprietary rights associated with such item, or to vest, evidence, or perfect Company's right, title, and interest in the items described in this section.

Employee understands that the Creative Work that Employee is assigning does not include inventions or ideas within the meaning of California Labor Code Section 2870, which states:

(A) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(i) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(ii) Result from any work performed by the employee for the employer.

(B) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Employee acknowledges and agrees that nothing in this Agreement is intended to expand the scope of protection provided to Employee by Sections 2870 through 2872 of the California Labor Code.

The obligations set forth in this Section shall survive the expiration or termination of this Agreement.

XIV) MISCELLANEOUS PROVISIONS

(A) This Agreement supersedes any and all oral or written communications, agreements, handbooks, manuals, policies, and procedures between Employee and Company, or otherwise issued by Company regarding the subject matter of

this Agreement, and contains the entire agreement for these Services. Company may, from time to time, require changes in the Services of Employee. This agreement may be modified only by a written agreement signed by both Employee and the Company subsequent to execution of this agreement.

(B) None of the provisions of this Agreement shall be deemed to have been waived by any act or acquiescence on the part of Company, its agents, or employees, but only by an instrument in writing signed by an authorized officer of Company. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provision on another occasion.

(C) In any litigation arising out of this Agreement, the substantially prevailing party will be entitled to recover all reasonable attorneys' fees and expenses of litigation, including fees on appeal or petition for review. The unenforceability, invalidity, illegality, or termination of any provision of this Agreement will not render any other provision of this Agreement unenforceable, invalid, or illegal, or terminate this Agreement or other rights or obligations of Company and Employee. Except as otherwise specified in Section VII(F), this agreement will be governed by the laws of the State of California and applicable United States Federal Law and Employee further consents to jurisdiction by the state and federal courts sitting in the State of California, and the venue shall lie in the county of Alameda. Process may be served on either party by U.S. Mail, postage prepaid, certified or registered, return receipt requested, or by such other methods as are authorized by the California Long Arm Statute.

(D) This Agreement creates personal rights, and may not be transferred or assigned without the express prior written consent of the other party; except that Company may transfer its rights and delegate its obligations to any corporate successor of all or substantially all of Company's assets.

(E) Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of and be binding upon the parties, their successors and assigns.

(F) All obligations and covenants of termination, confidentiality, non-disclosure, non-competition, rights in Creative Work, governing law and venue, and the remedies provided for in the event of a breach hereunder, shall survive change or termination of the parties' business relationship.

(G) The captions are for convenience and reference only, and they shall not define, limit or construe the contents of any provision. Except where the context indicates otherwise, words in the singular number shall include the plural, and vice versa, and words in the masculine, feminine, or neuter gender shall include each other gender as well.

(H) Disclaimer as to continuing employment. Nothing contained herein shall be construed as a contract or other agreement between Company and Employee as

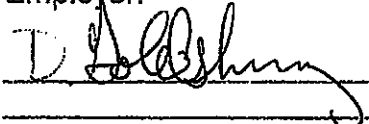
to her continuing employment or advancement with Company.

(I) The parties enter into this Agreement voluntarily. By Employee's signature below, Employee verifies that s/he has read and understands all terms of this Agreement and has received adequate opportunity to seek and obtain legal advice from independent counsel of Employee's choosing and has either done so or hereby waives any right to do so. Employee further confirms receipt of a copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on this


~~June~~, 2010.

July 07
Employer:



Director, Berkeley Patients Group,
A California Corporation

Employee:



BECKY DEKEUSTER



12:55 pm A. Poirier

RECEIVED

JUN 25 2010

DIVISION OF
LICENSING & REGULATORY SERVICES

June 21, 2010

Ms. Catherine M. Cobb
Division of Licensing and Regulatory Services
Maine Department of Health and Human Services
Attention: Open Application for Dispensary Services
41 Anthony Ave.
State House Station #11
Augusta, ME 04333-0011

**Re: Northeast Patients' Group Response to Request For Applications for Dispensaries for
Distributing Medical Marijuana – District Two**

Dear Ms. Cobb:

Enclosed please find the Northeast Patients Group ("NPG") Response to the Maine Department of Health and Human Services ("DHHS") Request for Applications for Dispensaries for Distributing Medical Marijuana for District Two. NPG is a Maine non-profit entity created to provide a safe system for legal medical marijuana patients to access and administer their medicine, receive other health services, and enjoy the benefits of a variety of community events. Founded by a group of patients and advocates after the passage of Maine's Medical Use of Marijuana Act (2009), NPG combines a decade of successful experience in dispensary operations with a deep understanding of Maine's law and the specific needs of the state's patients and other stakeholders.

NPG's completed application includes a narrative section that fulfills several purposes. It will introduce NPG, will provide context to assist in the DHHS decision-making, and will include responses to a number of the "measures" listed in the DHHS rules. Following the completed application and requisite schedules, please find a number of supplementary materials, including references, recommendations, and letters of interest from landlords regarding dispensary and cultivation properties. Please note also that as Executive Director and CEO I have signed the portion of the Application form certifying NPG's compliance with the Act and its regulations and related provisions relating to DHHS inspections, reporting of sales tax, etc. Additionally, NPG includes a cross-reference table to assist DHHS in locating responses to the "measures" required by the rules.

During the legislative process, the Health and Human Services Committee decided on a cap of eight dispensary licenses for the first year of the program. These first eight operations will be

**PLAINTIFF'S
EXHIBIT**

B-1



heavily scrutinized, and it is imperative for the success of this program that each of the first eight operators is an outstanding example of the best in patient care and community support. NPG's experience indicates that the impact of a single bad operation on seriously ill patients could be literally devastating.

Maine has the opportunity to be the shining light for the entire country under the leadership and guidance of DHHS. NPG wants to work closely with DHHS and become not only a leader and a model for Maine, but for the country and the world.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rebecca DeKeuster", followed by a horizontal line.

Rebecca DeKeuster
Executive Director and CEO

Northeast Patients Group

DHHS Request for Applications - Medical Marijuana Program Application

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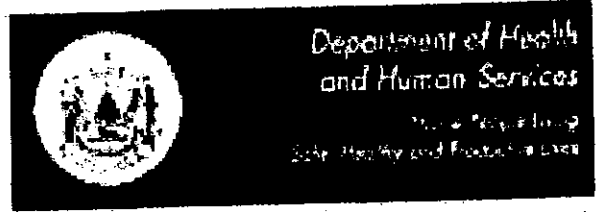
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DHHS Request for Applications - Medical Marijuana Program Application Form

Attn: Medical Marijuana Program
DHHS Division of Licensing and
Regulatory Services
11 State House Station
Augusta, ME 04333



Medical Marijuana Program Application/Renewal Form



This application is for:

Registered Dispensary

Section 1 IDENTIFICATION INFORMATION

Legal Name of Dispensary

Northeast Patients Group

Charter Number

Federal EIN 27-2862543

Date of Incorporation

June 16, 2010

Business Location

(street)

959 Congress St. Portland (alternate: 95 Preble St.)

(city, state, zip code)

Portland, ME, 04102

Telephone: (207) - 358-8833

Mailing Address

45 Memorial Circle, 4th fl.

(city, state, zip code)

Augusta, ME 04330

Section 2 ORGANIZATIONAL INFORMATION

Name of Chief Executive Officer

Rebecca DeKeuster, M.Ed.

Telephone number if different than above

(207) [REDACTED]

Mailing Address, if different than above

[REDACTED]

Schedule A, Board of Directors and Officers

See attached Schedule below

Schedule B, Employees

See attached Schedule below

Schedule C, Bylaws of the Non-Profit Corporation

See attached Schedule below

Schedule D, Location of Grow Site, if different than Location of Dispensary

See attached Schedule below

Schedule E, Policies and Procedures

See attached Schedules below

Schedule E-1: Personnel

Schedule E-2: Growing and Cultivation

Schedule E-3: Inventory Control

Schedule E-4: Food Preparation

Schedule E-5: Quality Control

Schedule E-6: Copies of Educational Materials

Schedule E-7: Critical Incident Reporting

Section 3 DISPENSARY INFORMATION

Distance to the property line of preexisting public or private school: (must be more than 500 feet):

959 Congress Street, Portland: 1000' plus (King Middle School)

95 Preble Street, Portland: 900' plus (Portland High School)

See also attached below

Description of food products to be sold or furnished, if any:

See attached below

Description of grounds and exterior lighting:

See attached below

Description of intrusion monitoring system:

See attached below

Description of interior monitoring and safety features:

See attached below

Location of growing site:

601 Coldbrook Rd., Hermon ME 04401

Provide the names of patients you have identified at this time who plan to designate you as their dispensary: (use additional pages, if necessary)

See attached below

Declaration: I understand and acknowledge my duties and responsibilities as chief executive officer to patients and primary caregivers in accordance with the provisions of the Maine Medical Use of Marijuana Act. I understand that my board members, officers and employees may not have disqualifying drug offenses. I will notify the Department of Health and Human Services promptly and return the registration cards when there has been a change in status of a registry card holder. I declare under penalty of perjury that the information provided on this form is true and correct. I certify that I will not sell, furnish or give marijuana to a person who is not allowed to possess marijuana for medical purposes. I agree to allow my facility to be inspected by representatives of the Maine Department of Health and Human Services. I agree to provide soil and product

samples to representatives of the Maine Department of Health and Human Services for testing pursuant to the rules governing Maine's Medical Use of Marijuana Program. I further agree I will report sales for sales tax purposes related to the sale of marijuana and related products by the dispensary.

Rebecca M. DeKeuster, M.Ed

Printed name of Chief Executive Officer

Rebecca M. DeKeuster

Signature of Chief Executive Officer

Date

6.24.10

This application shall be accompanied by a non-refundable check made payable to the Treasurer, State of Maine. This application will not be accepted as complete unless all Exhibits are attached. Please mail to:

Attn: Medical Use of Marijuana Program
Department of Health and Human Services
Division of Licensing and Regulatory Services
11 State House Station
Augusta, ME 04333

To check on the status of your application, call (207) 287-9300

Financial Schedule

District 2		Start Up Year	First Full Year	Second Full Year
		7/1/10 to 6/30/11	7/1/11 to 6/30/12	7/1/12 to 6/30/13
Revenues				
Marijuana Sales to registered patients and registered caregivers *		370,600	1,723,723	3,102,702
Paraphernalia sales		8,145	37,884	68,191
Other Sales		16,290	75,768	136,382
Other Income		-	-	-
Total Revenue		395,036	1,837,375	3,307,275
Expenses				
Payroll, taxes and fringe benefits		98,292	191,500	321,313
Cultivation		184,986	493,234	776,715
Supplies		2,750	3,300	3,750
Office Expenses		8,021	8,750	10,625
Utilities		24,017	26,200	28,100
Insurance		4,583	5,000	6,250
Interest		25,440	44,175	20,520
Depreciation/ Amortization		4,045	4,430	5,013
Leasehold Expenses		25,000	8,333	12,500
Rent		47,667	52,000	57,200
Bad Debt		-	-	-
Central Expenses & Management **		102,790	95,581	127,828
Outreach program **		12,683	18,100	21,440
Member Services **		48,228	56,624	61,036
Community Support & Donations **		-	468,531	1,147,080
Security **		55,000	60,000	72,600
Licensing **		15,750	15,750	15,750
Total Expenses		659,252	1,551,507	2,687,720
Net:		(264,216)	285,868	619,555
Personnel Categories (# of FTE's)				
Administration +		0.4	0.6	1.0
Sales		3.5	6.0	8.0
Cultivation +		1.1	1.7	3.0
Number of Patients:		111	251	418
Estimated Price / Ounce		\$ 340.00	\$ 340.00	\$ 340.00

including discounted sales *

unique to NPG business model **

allocated shared services (total / # of disp.) +

Note: Labor expenses for Cultivation are included in the Cultivation category.



12:55 p.m. D. F. GILBERT

RECEIVED

JUN 25 2010

DIVISION OF
LICENSING & REGULATORY SERVICES

June 21, 2010

Ms. Catherine M. Cobb
Division of Licensing and Regulatory Services
Maine Department of Health and Human Services
Attention: Open Application for Dispensary Services
41 Anthony Ave.
State House Station #11
Augusta, ME 04333-0011

Re: Northeast Patients' Group Response to Request For Applications for Dispensaries for Distributing Medical Marijuana – District Four

Dear Ms. Cobb:

Enclosed please find the Northeast Patients Group ("NPG") Response to the Maine Department of Health and Human Services ("DHHS") Request for Applications for Dispensaries for Distributing Medical Marijuana for District Four. NPG is a Maine non-profit entity created to provide a safe system for legal medical marijuana patients to access and administer their medicine, receive other health services, and enjoy the benefits of a variety of community events. Founded by a group of patients and advocates after the passage of Maine's Medical Use of Marijuana Act (2009), NPG combines a decade of successful experience in dispensary operations with a deep understanding of Maine's law and the specific needs of the state's patients and other stakeholders.

NPG's completed application includes a narrative section that fulfills several purposes. It will introduce NPG, will provide context to assist in the DHHS decision-making, and will include responses to a number of the "measures" listed in the DHHS rules. Following the completed application and requisite schedules, please find a number of supplementary materials, including references, recommendations, and letters of interest from landlords regarding dispensary and cultivation properties. Please note also that as Executive Director and CEO I have signed the portion of the Application form certifying NPG's compliance with the Act and its regulations and related provisions relating to DHHS inspections, reporting of sales tax, etc. Additionally, NPG includes a cross-reference table to assist DHHS in locating responses to the "measures" required by the rules.

During the legislative process, the Health and Human Services Committee decided on a cap of eight dispensary licenses for the first year of the program. These first eight operations will be



heavily scrutinized, and it is imperative for the success of this program that each of the first eight operators is an outstanding example of the best in patient care and community support. NPG's experience indicates that the impact of a single bad operation on seriously ill patients could be literally devastating.

Maine has the opportunity to be the shining light for the entire country under the leadership and guidance of DHHS. NPG wants to work closely with DHHS and become not only a leader and a model for Maine, but for the country and the world.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rebecca DeKeuster", is written over a horizontal line.

Rebecca DeKeuster
Executive Director and CEO

Northeast Patients Group
DHHS Request for Applications - Medical Marijuana Program Application

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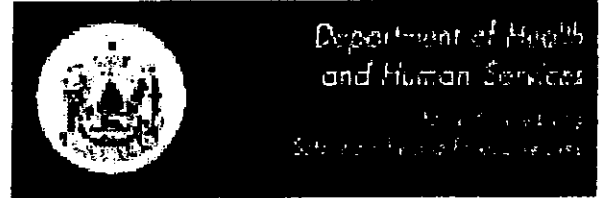
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DHHS Request for Applications - Medical Marijuana Program Application Form

Attn: Medical Marijuana Program
DHHS Division of Licensing and
Regulatory Services
11 State House Station
Augusta, ME 04333



Medical Marijuana Program Application/Renewal Form



John E. Baldacci, Governor

Heidi M. Morone, Commissioner

This application is for:

**Registered Dispensary
District 4**

Section 1 IDENTIFICATION INFORMATION

Legal Name of Dispensary

Northeast Patients Group

Charter Number

Federal EIN 27-2862543

Date of Incorporation

June 16, 2010

Business Location
(street)

153 New County Road

(city, state, zip code)

Thomaston, ME 04861

Telephone: (207) - 358-8833

Mailing Address

45 Memorial Circle, 4th fl.

(city, state, zip code)

Augusta, ME 04330

Section 2 ORGANIZATIONAL INFORMATION

Name of Chief Executive Officer

Rebecca DeKeuster, M.Ed.

Telephone number if different than above

(207) [REDACTED]

Mailing Address, if different than above

[REDACTED]

Schedule A, Board of Directors and Officers

See attached Schedule below

Schedule B, Employees

See attached Schedule below

Schedule C, Bylaws of the Non-Profit Corporation

See attached Schedule below

Schedule D, Location of Grow Site, if different than Location of Dispensary

See attached Schedule below

Schedule E, Policies and Procedures

See attached Schedules below

Schedule E-1: Personnel

Schedule E-2: Growing and Cultivation

Schedule E-3: Inventory Control

Schedule E-4: Food Preparation

Schedule E-5: Quality Control

Section 3 DISPENSARY INFORMATION

Distance to the property line of preexisting public or private school: (must be more than 500 feet):

153 New County Road, Thomaston, ME 04861: 1000' plus (Rockland District Middle School)

See also attached below

Description of food products to be sold or furnished, if any:

See attached below

Description of grounds and exterior lighting:

See attached below

Description of intrusion monitoring system:

See attached below

Description of interior monitoring and safety features:

See attached below

Location of growing site:

601 Coldbrook Rd., Hermon ME 04401

Provide the names of patients you have identified at this time who plan to designate you as their dispensary: (use additional pages, if necessary)

See attached below

Declaration: I understand and acknowledge my duties and responsibilities as chief executive officer to patients and primary caregivers in accordance with the provisions of the Maine Medical Use of Marijuana Act. I understand that my board members, officers and employees may not have disqualifying drug offenses. I will notify the Department of Health and Human Services promptly and return the registration cards when there has been a change in status of a registry card holder. I declare under penalty of perjury that the information provided on this form is true and correct. I certify that I will not sell, furnish or give marijuana to a person who

is not allowed to possess marijuana for medical purposes. I agree to allow my facility to be inspected by representatives of the Maine Department of Health and Human Services. I agree to provide soil and product samples to representatives of the Maine Department of Health and Human Services for testing pursuant to the rules governing Maine's Medical Use of Marijuana Program. I further agree I will report sales for sales tax purposes related to the sale of marijuana and related products by the dispensary.

Rebecca M. DeKeuster, M.Ed

Printed name of Chief Executive Officer



Signature of Chief Executive Officer

Date

6.24.10

This application shall be accompanied by a non-refundable check made payable to the Treasurer, State of Maine. This application will not be accepted as complete unless all Exhibits are attached. Please mail to:

Attn: Medical Use of Marijuana Program
Department of Health and Human Services
Division of Licensing and Regulatory Services
11 State House Station
Augusta, ME 04333

To check on the status of your application, call (207) 287-9300

Financial Schedule

District 4

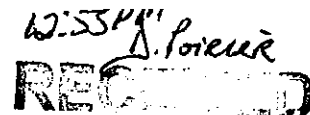
	Start Up Year 7/1/10 to 6/30/11	First Full Year 7/1/11 to 6/30/12	Second Full Year 7/1/12 to 6/30/13
Revenues			
Marijuana Sales to registered patients and registered caregivers *	149,727	696,405	1,169,961
Paraphernalia sales	3,291	15,306	25,713
Other Sales	6,581	30,611	51,427
Other Income	-	-	-
Total Revenue	159,599	742,322	1,247,101
Expenses			
Payroll, taxes and fringe benefits	92,792	166,000	217,063
Cultivation	74,737	199,273	294,954
Supplies	2,292	2,688	2,875
Office Expenses	6,646	7,250	8,750
Utilities	24,017	26,200	28,100
Insurance	4,583	5,000	6,250
Interest	25,440	44,175	20,520
Depreciation/ Amortization	4,045	4,430	5,013
Leasehold Expenses	22,000	7,333	11,000
Rent	20,167	22,000	24,200
Bad Debt	-	-	-
Central Expenses & Management **	102,790	95,581	127,828
Outreach program **	12,683	18,100	21,440
Member Services **	30,349	35,269	37,646
Community Support & Donations **	-	-	25,000
Security **	55,000	60,000	66,000
Licensing **	15,750	15,750	15,750
Total Expenses	493,290	709,047	912,388
Net:	(333,691)	33,275	334,713
Personnel Categories (# of FTE's)			
Administration +	0.4	0.6	1.0
Sales	3.0	4.0	5.0
Cultivation +	0.6	0.9	1.5
Number of Patients:	60	135	210
Estimated Price / Ounce	\$ 340.00	\$ 340.00	\$ 340.00

including discounted sales *

unique to NPG business model **

allocated shared services (total / # of disp.) +

Note: Labor expenses for Cultivation are included in the Cultivation category.



JUN 25 2010

DIVISION OF LICENSING & REGULATORY SERVICES

**Ms. Catherine M. Cobb
Division of Licensing and Regulatory Services
Maine Department of Health and Human Services
Attention: Open Application for Dispensary Services
41 Anthony Ave.
State House Station #11
Augusta, ME 04333-0011**

Dear Ms. Cobb:

Enclosed please find the Northeast Patients Group ("NPG") Response to the Maine Department of Health and Human Services ("DHHS") Request for Applications for Dispensaries for Distributing Medical Marijuana for District Five. NPG is a Maine non-profit entity created to provide a safe system for legal medical marijuana patients to access and administer their medicine, receive other health services, and enjoy the benefits of a variety of community events. Founded by a group of patients and advocates after the passage of Maine's Medical Use of Marijuana Act (2009), NPG combines a decade of successful experience in dispensary operations with a deep understanding of Maine's law and the specific needs of the state's patients and other stakeholders.

NPG's completed application includes a narrative section that fulfills several purposes. It will introduce NPG, will provide context to assist in the DHHS decision-making, and will include responses to a number of the "measures" listed in the DHHS rules. Following the completed application and requisite schedules, please find a number of supplementary materials, including references, recommendations, and letters of interest from landlords regarding dispensary and cultivation properties. Please note also that as Executive Director and CEO I have signed the portion of the Application form certifying NPG's compliance with the Act and its regulations and related provisions relating to DHHS inspections, reporting of sales tax, etc. Additionally, NPG includes a cross-reference table to assist DHHS in locating responses to the "measures" required by the rules.

During the legislative process, the Health and Human Services Committee decided on a cap of eight dispensary licenses for the first year of the program. These first eight operations will be

**PLAINTIFF'S
EXHIBIT**

B-3



heavily scrutinized, and it is imperative for the success of this program that each of the first eight operators is an outstanding example of the best in patient care and community support. NPG's experience indicates that the impact of a single bad operation on seriously ill patients could be literally devastating.

Maine has the opportunity to be the shining light for the entire country under the leadership and guidance of DHHS. NPG wants to work closely with DHHS and become not only a leader and a model for Maine, but for the country and the world.

Sincerely,

Rebecca DeKeuster
Executive Director and CEO

Northeast Patients Group
DHHS Request for Applications - Medical Marijuana Program Application

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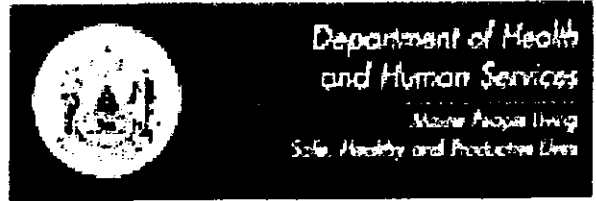
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DHHS Request for Applications - Medical Marijuana Program Application Form

Attn: Medical Marijuana Program
DHHS Division of Licensing and
Regulatory Services
11 State House Station
Augusta, ME 04333



Medical Marijuana Program Application/Renewal Form



This application is for:

**Registered Dispensary
District Five**

Section 1 IDENTIFICATION INFORMATION

Legal Name of Dispensary **Northeast Patients Group**

Charter Number
Federal EIN 27-2862543

Date of Incorporation **June 16, 2010**

Business Location
(street)

**13 Water Street, Waterville
10 Middle Road, Augusta**

(city, state, zip code)

Waterville ME 04901 / Augusta ME 04330

Telephone: (207) - **358-8833**

Mailing Address

45 Memorial Circle, 4th fl.

(city, state, zip code)

Augusta, ME 04330

Section 2 ORGANIZATIONAL INFORMATION

Name of Chief Executive Officer

Rebecca DeKeuster, M.Ed.

Telephone number if different than above

(207) [REDACTED]

Mailing Address, if different than above

[REDACTED]

Schedule A, Board of Directors and Officers

See attached Schedule below

Schedule B, Employees

See attached Schedule below

Schedule C, Bylaws of the Non-Profit Corporation

See attached Schedule below

Schedule D, Location of Grow Site, if different than Location of Dispensary

See attached Schedule below

Schedule E, Policies and Procedures

See attached Schedules below

Schedule E-1: Personnel

Schedule E-2: Growing and Cultivation

Schedule E-3: Inventory Control

Schedule E-4: Food Preparation

Schedule E-5: Quality Control

Schedule E-6: Copies of Educational Materials

Schedule E-7: Critical Incident Reporting

Section 3 DISPENSARY INFORMATION

Distance to the property line of preexisting public or private school: (must be more than 500 feet):

13 Water Street, Waterville: 1000' plus (Albert S Hall School) or
10 Middle Road, Augusta: 1000' plus (United Pentecostal School)

See also attached below

Description of food products to be sold or furnished, if any:

See attached below

Description of grounds and exterior lighting:

See attached below

Description of intrusion monitoring system:

See attached below

Description of interior monitoring and safety features:

See attached
below

Location of growing site:

601 Coldbrook Rd., Hermon ME 04401

Provide the names of patients you have identified at this time who plan to designate you as their dispensary: (use additional pages, if necessary)

See attached below

Declaration: I understand and acknowledge my duties and responsibilities as chief executive officer to patients and primary caregivers in accordance with the provisions of the Maine Medical Use of Marijuana Act. I understand that my board members, officers and employees may not have disqualifying drug offenses. I will notify the Department of Health and Human Services promptly and return the registration cards when there has been a change in status of a registry card holder. I declare under penalty of perjury that the information

provided on this form is true and correct. I certify that I will not sell, furnish or give marijuana to a person who is not allowed to possess marijuana for medical purposes. I agree to allow my facility to be inspected by representatives of the Maine Department of Health and Human Services. I agree to provide soil and product samples to representatives of the Maine Department of Health and Human Services for testing pursuant to the rules governing Maine's Medical Use of Marijuana Program. I further agree I will report sales for sales tax purposes related to the sale of marijuana and related products by the dispensary.

Rebecca M. DeKeuster, M.Ed

Printed name of Chief Executive Officer

Rebecca M. DeKeuster

Date

6.24.10

Signature of Chief Executive Officer

This application shall be accompanied by a non-refundable check made payable to the Treasurer, State of Maine. This application will not be accepted as complete unless all Exhibits are attached. Please mail to:

Attn: Medical Use of Marijuana Program
Department of Health and Human Services
Division of Licensing and Regulatory Services
11 State House Station
Augusta, ME 04333

To check on the status of your application, call (207) 287-9300

Financial Schedule

District 5		Start Up Year	First Full Year	Second Full Year
		7/1/10 to 6/30/11	7/1/11 to 6/30/12	7/1/12 to 6/30/13
Revenues				
Marijuana Sales to registered patients and registered caregivers *		95,811	658,700	1,437,163
Paraphernalia sales		2,106	14,477	31,586
Other Sales		4,211	28,954	63,172
Other Income		-	-	-
Total Revenue		102,128	702,130	1,531,921
Expenses				
Payroll, taxes and fringe benefits		60,958	134,500	217,063
Cultivation		39,059	183,652	359,772
Supplies		1,750	3,275	3,450
Office Expenses		4,229	7,250	8,750
Utilities		15,283	26,200	28,100
Insurance		2,917	5,000	5,000
Interest		21,375	44,175	20,520
Depreciation/ Amortization		2,574	4,430	5,013
Leasehold Expenses		23,000	8,433	11,500
Rent		22,458	38,500	42,350
Bad Debt		-	-	-
Central Expenses & Management **		102,790	95,581	127,828
Outreach program **		11,017	18,100	21,440
Member Services **		21,743	39,751	42,476
Community Support & Donations **		-	-	271,500
Security **		35,000	60,000	66,000
Licensing **		15,477	15,750	15,750
Total Expenses		379,631	684,596	1,246,512
Net:		(277,503)	17,534	285,409
Personnel Categories (# of FTE's)				
Administration +		0.4	0.6	1.0
Sales		2.5	4.0	5.0
Cultivation +		0.4	1.1	1.9
Number of Patients:		43	155	258
Estimated Price / Ounce		\$ 340.00	\$ 340.00	\$ 340.00

Including discounted sales *

unique to NPG business model **

allocated shared services (total / # of disp.) +

Note: Labor expenses for Cultivation are included in the Cultivation category.



12:20 PM A. Parker
RECEIVED

JUN 25 2010

DIVISION OF
LICENSING & REGULATORY SERVICES

June 21, 2010

Ms. Catherine M. Cobb
Division of Licensing and Regulatory Services
Maine Department of Health and Human Services
Attention: Open Application for Dispensary Services
41 Anthony Ave.
State House Station #11
Augusta, ME 04333-0011

**Re: Northeast Patients' Group Response to Request For Applications for Dispensaries for
Distributing Medical Marijuana – District Six**

Dear Ms. Cobb:

Enclosed please find the Northeast Patients Group ("NPG") Response to the Maine Department of Health and Human Services ("DHHS") Request for Applications for Dispensaries for Distributing Medical Marijuana for District Six. NPG is a Maine non-profit entity created to provide a safe system for legal medical marijuana patients to access and administer their medicine, receive other health services, and enjoy the benefits of a variety of community events. Founded by a group of patients and advocates after the passage of Maine's Medical Use of Marijuana Act (2009), NPG combines a decade of successful experience in dispensary operations with a deep understanding of Maine's law and the specific needs of the state's patients and other stakeholders.

NPG's completed application includes a narrative section that fulfills several purposes. It will introduce NPG, will provide context to assist in the DHHS decision-making, and will include responses to a number of the "measures" listed in the DHHS rules. Following the completed application and requisite schedules, please find a number of supplementary materials, including references, recommendations, and letters of interest from landlords regarding dispensary and cultivation properties. Please note also that as Executive Director and CEO I have signed the portion of the Application form certifying NPG's compliance with the Act and its regulations and related provisions relating to DHHS inspections, reporting of sales tax, etc. Additionally, NPG includes a cross-reference table to assist DHHS in locating responses to the "measures" required by the rules.

During the legislative process, the Health and Human Services Committee decided on a cap of eight dispensary licenses for the first year of the program. These first eight operations will be



heavily scrutinized, and it is imperative for the success of this program that each of the first eight operators is an outstanding example of the best in patient care and community support. NPG's experience indicates that the impact of a single bad operation on seriously ill patients could be literally devastating.

Maine has the opportunity to be the shining light for the entire country under the leadership and guidance of DHHS. NPG wants to work closely with DHHS and become not only a leader and a model for Maine, but for the country and the world.

Sincerely,

Rebecca DeKeuster
Executive Director and CEO

Northeast Patients Group

DHHS Request for Applications - Medical Marijuana Program Application

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DHHS Request for Applications - Medical Marijuana Program Application Form

Attn: Medical Marijuana Program
DHHS Division of Licensing and
Regulatory Services
11 State House Station
Augusta, ME 04333



Medical Marijuana Program Application/Renewal Form



This application is for: **Registered Dispensary
District Six**

Section 1 IDENTIFICATION INFORMATION

Legal Name of Dispensary

Northeast Patients Group

Charter Number

Federal EIN 27-2862543

Date of Incorporation

June 16, 2010

Business Location
(street)

601 Coldbrook Rd.

(city, state, zip code)

Hermon ME, 04401

Telephone: (207) - **358-8833**

Mailing Address

45 Memorial Circle, 4th fl.

(city, state, zip code)

Augusta, ME 04330

Section 2 ORGANIZATIONAL INFORMATION

Name of Chief Executive Officer

Rebecca DeKeuster, M.Ed.

Telephone number if different than above

Mailing Address, if different than above

[Redacted]

Schedule A, Board of Directors and Officers

See attached Schedule below

Schedule B, Employees

See attached Schedule below

Schedule C, Bylaws of the Non-Profit Corporation

See attached Schedule below

Schedule D, Location of Grow Site, if different than Location of Dispensary

See attached Schedule below

Schedule E, Policies and Procedures

See attached Schedules below

Schedule E-1: Personnel

Schedule E-2: Growing and Cultivation

Schedule E-3: Inventory Control

Schedule E-4: Food Preparation

Schedule E-5: Quality Control

Schedule E-6: Copies of Educational Materials

Section 3 DISPENSARY INFORMATION

Distance to the property line of preexisting public or private school: (must be more than 500 feet):

601 Coldbrook Road, Hermon: 1000' plus (North Star Christian School)

Description of food products to be sold or furnished, if any:

See attached below

Description of grounds and exterior lighting:

See attached below

Description of intrusion monitoring system:

See attached below

Description of interior monitoring and safety features:

See attached
below

Location of growing site:

601 Coldbrook Rd., Hermon ME 04401

Provide the names of patients you have identified at this time who plan to designate you as their dispensary: (use additional pages, if necessary)

See attached below

Declaration: I understand and acknowledge my duties and responsibilities as chief executive officer to patients and primary caregivers in accordance with the provisions of the Maine Medical Use of Marijuana Act. I understand that my board members, officers and employees may not have disqualifying drug offenses. I will notify the Department of Health and Human Services promptly and return the registration cards when there has been a change in status of a registry card holder. I declare under penalty of perjury that the information provided on this form is true and correct. I certify that I will not sell, furnish or give marijuana to a person who is not allowed to possess marijuana for medical purposes. I agree to allow my facility to be inspected by representatives of the Maine Department of Health and Human Services. I agree to provide soil and product samples to representatives of the Maine Department of Health and Human Services for testing pursuant to the rules governing Maine's Medical Use of Marijuana Program. I further agree I will report sales for sales tax purposes related to the sale of marijuana and related products by the dispensary.

Rebecca M. DeKeuster, M.Ed

Printed name of Chief Executive Officer

Rebecca M. DeKeuster

Signature of Chief Executive Officer

6.24.10

Date

This application shall be accompanied by a non-refundable check made payable to the Treasurer, State of Maine. This application will not be accepted as complete unless all Exhibits are attached. Please mail to:

Attn: Medical Use of Marijuana Program
Department of Health and Human Services
Division of Licensing and Regulatory Services
11 State House Station
Augusta, ME 04333

To check on the status of your application, call (207) 287-9300

Financial Schedule

District 6		Start Up Year	First Full Year	Second Full Year
		7/1/10 to 6/30/11	7/1/11 to 6/30/12	7/1/12 to 6/30/13
Revenues				
Marijuana Sales to registered patients and registered caregivers	*	134,995	732,829	1,295,951
Paraphernalia sales		2,967	16,106	28,482
Other Sales		5,934	32,212	56,965
Other Income		-	-	-
Total Revenue		143,896	781,148	1,381,398
Expenses				
Payroll, taxes and fringe benefits		76,875	137,500	217,063
Cultivation		60,376	207,903	326,717
Supplies		1,875	2,667	2,875
Office Expenses		5,438	7,250	8,750
Utilities		19,650	26,200	31,400
Insurance		3,750	5,000	6,250
Interest		24,120	44,175	20,520
Depreciation/ Amortization		3,310	4,430	5,013
Leasehold Expenses		18,000	6,600	9,000
Rent		16,500	22,000	24,200
Bad Debt		-	-	-
Central Expenses & Management	**	102,790	95,581	127,828
Outreach program	**	11,850	18,100	21,440
Member Services	**	26,576	37,828	37,828
Community Support & Donations	**	-	-	308,220
Security	**	45,000	60,000	60,000
Licensing	**	15,614	15,750	15,750
Total Expenses		431,723	690,983	1,222,854
Net:		(287,827)	90,165	158,544
Personnel Categories (# of FTE's)				
Administration	+	0.4	0.6	1.0
Sales		2.5	4.0	5.0
Cultivation	+	0.5	1.0	1.7
Number of Patients:		50	150	233
Estimated Price / Ounce		\$ 340.00	\$ 340.00	\$ 340.00

Including discounted sales

unique to NPG business model

allocated shared services (total / # of disp.)

Note: Labor expenses for Cultivation are included in the Cultivation category.